

**J.D. POWER**  
ASIA PACIFIC



**Asean Automotive Monthly  
Executive Summary**

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## On Asean



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## Perodua vs Proton: The Battle Is On

The numbers game between Malaysia's two national carmakers, Perodua and Proton, is getting closer than ever. Between January and April this year, Perodua was ahead of Proton by a mere 1,300 units. This compares with more than 12,000 units in January-April 2010.

Notably, Proton's more aggressive launch of new models and variants over the last one year has helped it close the gap with Perodua.

Proton upgraded its Exora MPV, powered by the 1.6L Campro CPS engine, in mid-July 2010. It then followed this with the new Inspira compact model in October, and the Saga Facelift in December.

Newer models generate buyer interest and create excitement in the market. Therefore Proton's refreshed vehicles, especially the Saga FL, has been well received in the market. The Saga in fact was Proton's best-selling model in the year through April. The Inspira too appears to be gaining traction as of late.

Moreover, Proton made available the Saga with its 1.6L Campro IAFM engine from end-May. This is not a new model since it is already sold as a taxi, but it is now being offered as a private car.

Proton also plans to introduce its new turbo-charged 1.6L Campro engine by the third quarter of 2011, equipping it first on the Exora MPV and then the Satria Neo. The new engine is also likely to underpin future Proton models.

Although these are positive measures, more is required from Proton if it wants to maintain its market position. It faces intense competition, not only from its fellow compatriot Perodua but also Japan's carmakers Toyota and Honda. Importantly, Proton has to further improve the quality of its vehicles and achieve better manufacturing efficiencies.

It had aimed to resolve some these issues by seeking a strategic alliance with Volkswagen, a lengthy negotiation which ultimately failed.

A merger with Perodua was then proposed as an alternative course. Thankfully, the Malaysian government did not enforce this proposal – a move Perodua was clearly unhappy about.

We believe this merger would have been detrimental to Perodua. We think Perodua can perform much better as a standalone company, rather than a merged entity with Proton, since it would not have to support a weaker Proton and share its technology that can go into models that will in the end compete with its own vehicles in the market.

Proton Holdings is now restructuring its operations into four major businesses, a process that is likely to be completed by year's end. The move is aimed to allow Proton greater flexibility to create new partnerships without involving the entire group.

It is likely that Proton could separate its manufacturing and R&D functions into two different units. The company is also working out a strategy towards closer integration and cooperation with its UK subsidiary Lotus.

This year, Perodua has lost some of its sales largely because of a lack of refreshed models. It has not come out with any significant model since it entered the MPV segment with the introduction of Alza in November 2009.

Certainly, additional variants of MyVi and Viva came to market, but sales of both these models are down this year. The Alza too has lost its sheen after being in the market for over a year.

However, things are about to change. The much awaited next generation MyVi has been confirmed for release in mid-June. We expect MyVi sales to rebound once the new generation model comes out.

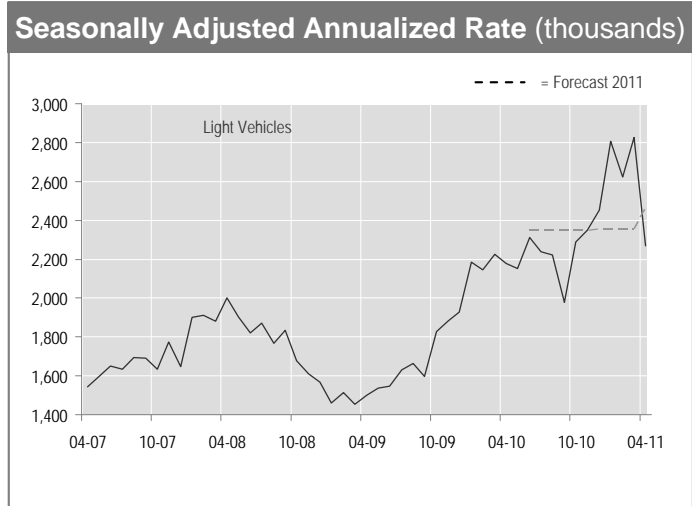
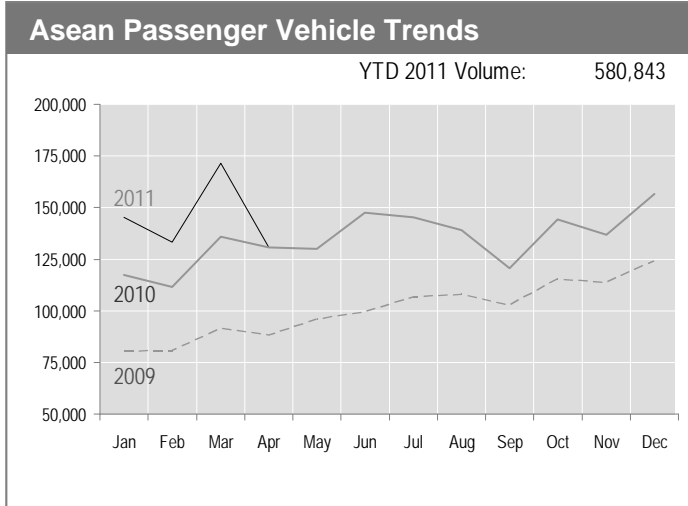
In addition to the MyVi, Perodua also needs to upgrade the Viva mini car. The current Viva was launched in 2007, and a new generation model is long overdue. Because the Viva is so old, potential buyers are dumping it in favor of Hyundai i10 and Suzuki Alto (launched in July 2010).

Over the longer term, one of Perodua's strategies is to improve the performance of its internal combustion engines. Under a five-year roadmap, the automaker is replacing its cast iron parts to aluminum components in the first stage.

It will also soon develop a two-cylinder direct injection turbo-charged engine. These new technologies will be equipped in its future models, which aim to become more fuel-efficient and environment friendly.

We think the battle between the two national carmakers will be intense, but we are betting on Perodua to come out victorious at the end of the year. We expect Perodua to sell 186,000 units in 2011 compared to Proton's 151,000 units.

<b>Light Vehicle (LV) Demand</b>	APR <b>4%</b>	YTD <b>20%</b>
Passenger Vehicle (PV) Demand	<b>0%</b>	<b>17%</b>
Light Commercial Vehicle (LCV) Demand	<b>16%</b>	<b>28%</b>



## Lack of Inventory Hurts April Sales

Depleting stocks at dealerships resulted in a significant drop in light vehicle sales during April in each of the four major Southeast Asia markets, compared to the previous month.

Total sales at 183,000 units in April were down 24% compared to the 241,000 units sold in March. This fall is mostly due to production cuts because of the crisis in Japan.

Demand for passenger vehicles was flat at 131,000 units during April, while light commercial vehicle (up to GVW 6 tons) sales increased 16% year on year (yoy) to 52,000 units.

Year to date, the industry posted sales of 813,000 units, an increase of 20% from January-April 2010. Passenger vehicle sales totaled 581,000 units, while light commercial vehicles made up the remaining 232,000 units.

On a seasonally adjusted annualized rate basis (SAAR), sales for the region came in at a lower 2.27 million units in April. We expect sales to remain low in May and June. A recovery is expected only by July, by which time all automakers are likely to be producing vehicles at pre-crisis levels.

There is growing demand for light vehicles in this region on account of economic growth as well as improving business and consumer confidence. The launch of several new models is expected to boost passenger vehicle volumes, while economic growth is spurring demand for light commercial vehicles.

While perennial leaders Toyota, Honda and Isuzu will continue to garner a majority of sales, other manufacturers like Nissan, Mazda and Ford are equally becoming more aggressive to capture a greater share of the pie. Proton and Perodua, the market leaders in Malaysia, are also facing increased competition in the market.

Newer sub-compact models such as Nissan March and Ford Fiesta have stolen away customers, although Honda aims to strike back with its recently launched Brio sub-compact. Furthermore, the entry of all-new sub-compacts, namely eco cars, over the next couple of years will again challenge Toyota and Honda's position in the segment.

Similarly, the introduction of next generation pickups from Chevrolet, Ford and Mazda in Thailand later this year is likely to impact demand for Isuzu's D-Max.

Looking at individual markets, we are more bullish on Thailand and Indonesia. In comparison, we project lower growth for both Malaysia and the Philippines.

Sales in Thailand have exceeded our expectations this year. As a result, we have revised upwards our 2011 light vehicle forecast for Thailand to 892,000 units. We have also adjusted our long-term forecast, with volumes now expected to grow to 1.36 million units by 2018.

Likewise, Indonesia's 2011 light vehicle outlook was raised to 791,000 units. The country's strong fundamentals has further urged us to revise upwards our long-term projections. We now think light vehicle sales in Indonesia will reach 1.59 million units by 2018.

We forecast total light vehicle sales in the four markets to reach 2.46 million units in 2011, an increase of 11% compared to 2010. Thailand is expected to remain the region's biggest market.

Passenger vehicles are estimated to gain 10% yoy to 1.77 million units. Meanwhile, light commercial vehicle sales are projected to climb 12% yoy to 688,000 units in 2011.

Asean Top Lines						
	Apr	Growth	YTD	Growth	2011f	Growth
<b>Sales</b>	<b>192,626</b>	<b>4%</b>	<b>856,835</b>	<b>20%</b>		
PV	130,749	0%	580,843	17%	1,774,965	10%
LCV	52,259	16%	231,733	28%	688,079	12%
M&H CV	9,618	1%	44,259	27%		
<b>Production</b>	<b>187,124</b>	<b>-16%</b>	<b>1,038,975</b>	<b>12%</b>		
PV	114,837	-14%	618,250	16%	1,746,755	42%
LCV	64,114	-20%	380,432	6%	1,152,101	57%
M&H CV	8,173	-4%	40,293	27%		

Market Performance							
		Apr	Growth	Share	YTD	Growth	Share
Thailand	PV	35,712	15%	54%	157,606	44%	53%
	LCV	29,944	22%	46%	140,425	30%	47%
Malaysia	PV	44,907	4%	89%	186,506	6%	90%
	LCV	5,698	12%	11%	21,507	10%	10%
Indonesia	PV	39,248	-13%	74%	192,591	15%	77%
	LCV	13,861	10%	26%	59,106	34%	23%
Philippines	PV	10,882	-4%	80%	44,140	3%	80%
	LCV	2,756	-2%	20%	10,695	8%	20%

### Group Sales Performance

	ASEAN GROWTH RATE						YTD VOLUMES									
	■ = Month    ■ = YTD -50% 0% 50% 100% 150% 200% 250%															
	Volume	Growth	Volume	Growth	Volume	Growth	Volume	Growth	Volume	Growth	Volume	Growth	Volume	Growth		
Toyota Group	311,152	19%	117,878	28%	31,436	2%	143,398	17%	18,440	11%						
Honda Group	73,216	7%	37,511	26%	15,147	8%	15,735	-15%	4,823	-18%						
Isuzu Motors	62,706	12%	50,420	16%	3,371	3%	5,778	-2%	3,137	-5%						
Proton Group	60,848	11%	2,150	-12%	58,108	13%	590	-35%	0	N/A						
Perodua Automotiv e	59,440	-7%	0	N/A	59,440	-7%	0	N/A	0	N/A						
Mitsubishi Motors	58,605	42%	20,871	99%	4,114	4%	22,807	35%	10,813	7%						
Renault-Nissan Group	56,994	45%	24,970	89%	11,907	5%	17,119	44%	2,998	1%						
Suzuki Group	35,434	33%	2,788	91%	2,753	26%	28,704	32%	1,189	-6%						
Ford Group	19,705	191%	9,345	260%	2,451	245%	4,758	224%	3,151	58%						
Hyundai Group	19,045	5%	1,755	60%	6,697	28%	3,092	-17%	7,501	-8%						

### Segment Sales Performance

	Apr				YTD							
	Growth		Volume	Share	Growth		Volume	Share				
	-100%	-50%	0%	50%	100%	-75%	-50%	-25%	0%	25%	50%	75%
Mini Car												
Sub-Compact Car												
Compact Car												
Midsized Car												
Fullsize Car												
Sporty Car												
Luxury Car												
SUV												
MPV/Minivan												
PV Market Average, 0%												
LCV												
Mini Truck												
Light Truck												
Van-Light Bus												
Mini Bus												
Pickup												
LCV Market Average, 16%												
PV Market Average, 17%												
LCV Market Average, 28%												

## Understand the Territory



## Strategic Advisory Group



Reports	Focus	Delivery
<b>Asean Automotive Monthly;</b> Market Trends	<ul style="list-style-type: none"> <li>• By model report on monthly sales and production</li> <li>• JDPA perspective on trends and outlook - by brand</li> </ul>	<ul style="list-style-type: none"> <li>• PDF, Excel</li> <li>• Monthly</li> </ul>
<b>Asean Automotive Monthly;</b> Market Assessment	<ul style="list-style-type: none"> <li>• By model report on the impact changes in the business environment will have on sales and production.</li> <li>• Detailed manufacturer profile and by-model outlook</li> </ul>	<ul style="list-style-type: none"> <li>• PDF, Excel</li> <li>• Monthly</li> </ul>
<b>Asia Pacific Forecast</b>	<ul style="list-style-type: none"> <li>• By model report on the impact changes in business environment will have on sales and production.</li> <li>• Ten countries in Asia Pacific</li> </ul>	<ul style="list-style-type: none"> <li>• Hard copy</li> <li>• PDF</li> <li>• Quarterly</li> </ul>
<b>Global Forecast</b>	<ul style="list-style-type: none"> <li>• By model report on the impact changes in business environment will have on sales and production.</li> <li>• 60 countries covered</li> </ul>	<ul style="list-style-type: none"> <li>• Hard copy</li> <li>• PDF</li> <li>• Quarterly</li> </ul>

### Client Services

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